

Patent

U.S. Ser. No. 10/054,638

Response to the Office Action mailed 12 December 2007

Appendix 2



Market Scan

Nabi's Fundamental Failure

Peter Kang, 11.01.05, 3:53 PM ET

Banc of America Securities downgraded shares of **Nabi Biopharmaceuticals** (nasdaq: **NABI** - news - people) to "neutral" from "buy" after the biotech firm said a late-stage trial for experimental staph infection treatment **StaphVAX** failed to meet its primary endpoint.

The Phase III study indicated no reduction in *S. aureus* infections compared with a placebo. Banc of America analyst Lei Zhong said the disappointing data "draws into question the basic scientific rationale of **StaphVAX** and we don't believe it can be addressed successfully in the near term."

Zhong slashed the price target on the stock to \$5 from \$18, based on current product sales, estimated at \$120 million in 2005. "The leading explanation at this point centers on some fundamental misunderstanding of polysaccharide vaccine technology," he said.

The research analyst did not include net cash of \$1 per share and the value of the experimental nicotine addiction vaccine (\$1) as he did in a previous valuation analysis "since we believe the out-right failure of **StaphVAX** calls into question Nabi's ability to develop vaccines."

Banc of America initiated coverage on Nabi on Oct. 17, saying **StaphVAX** "appears to be a relatively low-risk phase III candidate." Shares were seen down wider than 70% in Tuesday's session.